

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AGRE-00 AID-05 CIAE-00 COME-00  
EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00  
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 PA-01  
PRS-01 L-03 /062 W  
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R 121502Z OCT 77  
FM AMEMBASSY GEORGETOWN  
TO SECSTATE WASHDC 5479  
INFO AMEMBASSY BRIDTETOWN  
AMEMBASSY KINGSTON  
AMEMBASSY PARAMARIBO  
AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L GEORGETOWN 2530

E.O. 11652: GDS  
TAGS: ELAB, EPAP, GY  
SUBJECT: GUYANA SUGAR STRIKE: POLITICAL FACTORS DOMINATE

REF: (A) GEORGETOWN 2480; (B) GEORGETOWN 2131

BEGIN SUMMARY: HAVING FULFILLED CONTRACTUAL OBLIGATIONS TO MAJOR SUGAR MARKETS, THE GUYANESE GOVERNMENT IS NOT UNDER SEVERE POLITICAL PRESSURE AS A RESULT OF THE OPPOSITION-LED EIGHT WEEK OLD INDUSTRY -WIDE SUGAR STRIKE. SENSING A DECISIVE POLITICAL VICTORY, THE BURNHAM REGIME IS DISCUSSING ISSUES--THROUGH THE TRADES UNION CONGRESS--WITH THE STRIKING UNION BUT IS NOT PROPOSING COMPROMISES. THE GOVERNMENT IS AWARE THAT WORKERS ARE PRESSING LABOR LEADERS TO CALL OFF THE STRIKE, AND OFFICIALS BELIEVE THAT IT WILL BE ONLY A MATTER OF TIME UNTIL OPPOSITION LEADER CHEDDI JAGAN, WHO HAS MASTERMINDED THE STRIKE, WILL CAPITULATE AND SUFFER THEREBY A SERIOUS POLITICAL DEFEAT. THE GOG IS ALERT FOR VIOLENCE ONCE JAGAN RELAIZES HE HAS LOST THE POLITICAL BATTLE. MEANWHILE, THE STRIKE FURTHER DEBILITATES AN  
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ALREADY AILING ECONOMY. THE FULL IMPACT OF THE STRIKE WILL BE FELT IN A MONTH OR SO WHEN THE REDUCED SUGAR REVENUES FROM ABROAD WILL BE APPARENT. END SUMMARY.

1. DURING CONVERSATIONS WITH AMBASSADOR AND DCM ON OCTOBER 9, HAROLD DAVIS, GUYSUCO CHAIRMAN SAID THAT HE EXPECTED THE SUGAR STRIKE TO CONTINUE FOR AT LEAST

ANOTHER TWO WEEKS, BECAUSE GOG POLITICAL LEADERS WOULD NOT COMPROMISE OR OTHERWISE ALLOW JAGAN TO ESCAPE FROM THE POLITICAL CUL DE SAC IN WHICH HE NOW FINDS HIMSELF. DAVIS SAID THAT GUYSUCO PRODUCTION OF SUGAR WAS NO LONGER RISING BUT DURING THE PAST THREE WEEKS HAD VARIED BETWEEN 55-60 PER CENT OF NORMAL PRODUCTION. THIS LEVEL OF PRODUCTION HAD BEEN SUFFICIENT TO ENABLE GUYANA TO MEET ITS CONTRACTUAL COMMITMENTS TO ITS MAJOR MARKET, THE EEC, AND ALSO TO THE US. POLITICAL PRESSURES ON THE GOGO, THEREFORE, WERE NOT SEVERE. BUT, ACCORDING TO DAVIS, GUYANA WOULD NOT BE ABLE TO TAKE ADVANTAGE OF ANY SPECIAL OPPORTUNITIES FOR SALES TO NON-CONTRACTUAL PURCHASERS. THIS WOULD REDUCE OVERALL INCOME.

2. REFERRING TO THE TALKS UNDERWAY BETWEEN THE TRADES UNION CONGRESS (TUC)--WHICH IS SERVING AS AN INTERMEDIARY BETWEEN THE STRIKING GUYANA AGRICULTURAL WORKERS UNION (GAWU) AND THE GOVERNMENT--DAVIS CONFIRMED REPORTS THAT MINISTER OF HEALTH, HOUSING AND LABOR HAMILTON GREEN WAS ACTING AS THE GOG'S CHIEF NEGOTIATOR. GREEN, BY "PLAYING IT COOL," WAS ENGAGING IN EXTENDED DISCUSSIONS OF ISSUES RAISED BY TUC BUT WAS NOT PUSHING FOR COMPROMISE. THE GOG WAS AWARE THAT RANK AND FILE SUGAR WORKERS WERE PRESSING THE GAWU LEADERSHIP AND JAGAN TO END THE STRIKE. THE GOVERNMENT'S TACTIC WAS TO HOLD OUT UNTIL JAGAN WAS FORCED TO CAPITULATE AND CALL OFF THE STRIKE.  
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3. BURNHAM AND OTHER GOG LEADERS BELIEVE THAT SUCH A CAPITULATION BY JAGAN WOULD DISCREDIT HIM AND BREAK HIS POLITICAL POWER. THEIR ONLY CONCERN APPEARS TO BE THAT JAGAN MIGHT INSTIGATE AN OUTBREAK OF VIOLENCE AS A DESPERATE LAST DITCH TACTIC, AND THEREBY PROVOKE REPRESSIVE MEASURES FROM THE GOG. HIS PURPOSE IN DOING SO WOULD BE TO CAUSE INTERNATIONAL CONDEMNATION OF THE GOVERNMENT.

4. THE SECURITY MEASURES WHICH THE GOG ENACTED INTO LAW IN EARLY SEPTEMBER HAVE NOT BEEN IMPLEMENTED. THE GOG HAS TAKEN CARE NOT TO PROVOKE FRICTION WHICH WOULD EXPLODE INTO VIOLENCE.

5. CONCERNING THE POSSIBILITY OF SECONDARY "SOLIDARITY" BOYCOTTS BY BRITISH AND TRINIDADIAN UNIONS SUCH AS THOSE MENTIONED REF. A, DAVIS INDICATED THAT THE GOG HAS ASSURANCES FROM BRITISH LABOR THAT GUYANA'S SUGAR WOULD BE UNLOADED. HE ALSO SAID THAT THE GOG WAS ARRANGING ALTERNATE SOURCES OF PETROLEUM.

6. MEANWHILE GUYANA'S ECONOMY CONTINUES TO DETERIORATE.

THE REDUCED PRODUCTION OF SUGAR (40 PER CENT BELOW NORMAL)  
WILL NO GENERATE REVENUES AT THE LEVEL THE GOG HAD  
ANTICIPATED WHEN PLANNING 1977 BUDGET EXPENDITURES. THE  
ALREADY DEPRESSED ECONOMY WILL BE FORCED DOWN TO AN EVEN  
LOWER LEVEL OF ACTIVITY, PUBLIC WORKS WILL BE FURTHER  
CUT BACK, WHILE MANUFACTURERS AND RETAILERS, LACKING  
FOREIGN EXCHANGE, WILL BE OBLIGED TO LAY OFF PERSONNEL.  
BARRING AN UNFORESEEN DEVELOPMENT, THE HOLIDAYS WILL BE  
AUSTERE FOR GUYANA AND ITS CITIZENS.  
BURKE

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## Message Attributes

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